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January 14, 1948

CORN CROP INSURANCE PROGRAM, 1948
SUMMARY OF MAJOR PROVISIONS

1. Plans of insurance

Three plans of insurance are offered.

- a. Yield insurance (coverage in bushels) with cash premium rate and fixed price per bushel of indemnity is available in most of the counties having corn yield insurance in 1947.
- b. Dollar coverage insurance with cash premium rate and fixed price per bushel of production is offered in all new counties.
- c. Investment insurance with cash premium rate is offered in most of the counties having this type of insurance in 1947.

Plans b and c are alike in that the coverage and rates by both plans are stated in dollars and cents. They differ, however, in the method of evaluating production for purposes of determining any loss under the contract. The methods of evaluating production are stated in items 13 and 14 of this summary.

Generally only one plan of insurance is offered in any county. However, both yield and investment insurance are offered in some of the counties having both of these plans in 1947. The selection of counties in which each of these plans of insurance will be offered is attached.

The 1947 county corn loan rate will be used as the fixed price under yield insurance (plan 1-a) and will also be used to evaluate production under dollar coverage insurance (plan 1-b).

2. Level of insurance

- a. Under yield insurance, the level of insurance will be limited to a percentage of the average yield which generally will represent not more than the cost of production. The level probably will not exceed 60% insurance.
- b. Under dollar coverage insurance, the level of coverage will represent generally about 40 percent of the county average yield times the fixed price.
- c. Under investment insurance, the level of insurance will approximate the highest level of investment insurance offered in the county in 1947, except in counties where both yield and investment insurance are offered in which case the level of investment insurance will be somewhat lower than the highest level offered in 1947 because the yield coverage will also be lower.
- d. Only one level of insurance will be offered in a county except that both yield and investment insurance may be continued in some counties having both plans of insurance in 1947.

- c. There will be no partial insurance protection but the insured is not required to insure the entire acreage on an insurance unit. Losses will be computed for entire unit and prorated to the acreage insured, thus making it possible in effect to have partial insurance protection.

3. Establishing Coverages and Premium Rates

Coverages and premium rates are on an area basis and will be established on county maps or aerial photographs. Coverages and premium rates may be a flat amount for the county or may vary by areas or farming practices as determined necessary. Variation by areas are based on distinct differences with respect to productivity, cost of production, or risk of loss. The areas for dollar coverage and investment insurance will probably be larger than for yield insurance - perhaps even county wide in counties that are rather uniform throughout. Land for which no coverage is established will not be insurable.

4. Progressive Protection

For all plans of insurance there is a uniform coverage throughout the season with a minimum appraisal of 50% of the coverage for any acreage which is released and planted to a substitute crop, and 15% of the coverage for any released acreage which is not harvested and not planted to a substitute crop. (Acreage fed to livestock in the field is not considered to be harvested.)

5. Insured acreage

The insured acreage for an insurance unit is the number of acres specified on the application or the measured acreage, whichever is the lesser. The acreage specified on the application may be increased and additional farms may be added on or before the closing date. A reasonable time will be allowed after the closing date - until June 30, 1948 - to report actual acreage planted where it is less than that shown on the application.

6. Insurance unit

An insurance unit will include (a) all of the insurable acreage of corn in the county in which the insured has 100% interest in the crop, or (b) all the insurable acreage in the county which is operated by the insured as a share tenant and which is owned by one person, or (c) all the insurable acreage in the county which is owned by the insured and is rented to one share tenant. Land rented for cash or for a fixed commodity payment shall be considered to be owned by the lessee. Insurance units are not limited to farm boundaries as was the practices in 1947.

7. Term of Contract - Annual

8. Insurance period

The insurance begins when the corn is planted and ends upon harvest. If production is appraised and Statement in Proof of Loss is filed earlier, insurance period ends upon filing of Statement in Proof of Loss. In no event will the insurance period extend beyond December 10, 1948.

9. Premiums

The premium rate under all plans of insurance is established in dollars. There is no minimum premium for the contract. There is a 5% discount on any premium which is paid in full on or before April 30, 1948. A three percent penalty will apply on any portion of the premium not paid on or before December 31, 1948, and there will be an additional three percent penalty on amounts remaining, paid at the end of each 6-month period thereafter.

There is a graduated reduction in premium based on the number of acres of insured corn. Where the insured corn acreage is less than 50 acres on an insurance unit, there will be no premium reduction. Where the insured acreage for an insurance unit is as much as 50 acres and does not exceed 99.9 acres, there is a two percent reduction in premium. For each additional 50 acres of insured corn, or fraction thereof, on the insurance unit, there is an additional two percent reduction in the total premium for the insurance unit. The maximum reduction is 20%, which will apply where the insured acreage is 500 acres or more on an insurance unit.

10. Notice of loss

Notice of loss at the time of damage and also a notice of loss immediately after completion of harvest, with the corporation reserving the right to reject any claim where notice is not given within 15 days after completion of harvest.

11. Closing dates

The closing date for submission of applications is the beginning of planting on any insurance unit covered by contract or April 30, 1948, whichever is earlier.

12. Maturity date

The maturity date is July 20, with penalty attaching on any portion of premium not paid on or before December 31, 1948.

13. Value of production under investment insurance (plan 1-c above)

In investment counties the production will be evaluated as follows:

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The highest of (1) the local market price, (2) the price the insured obtained, or (3), the 1948 loan price, except that any corn which is not eligible for loan and would not meet loan requirements, if properly handled, will be valued at the highest price such corn could bring, as determined by the adjuster.

14. Quality protection under dollar coverage insurance (plan 1-b)

Production that is eligible for loan will be valued at the fixed price. Any corn which is not eligible for loan and would not meet loan requirements, if properly handled, will be valued at the highest price such corn could bring (as determined by the adjuster) but not in excess of the fixed price.

15. Unmerchantable corn under yield insurance

The same provision as in previous years.

1948 CORN: TENTATIVE SELECTION OF COUNTIES
BY PLAN OF INSURANCE

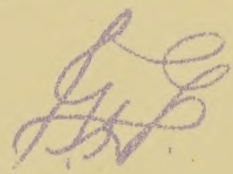
| State | County | Fixed Price (1947 Loan Rate) | Plan of Insurance for County | | |
|----------------------------|------------------|---------------------------------------|------------------------------|--------------------|------------|
| | | | Yield | Dollar coverage | Investment |
| (1) | (2) | (3) | (4) | (5) | (6) |
| Ill. | Livingston | 1.35 | | x | |
| | McDonough | 1.34 | | x | |
| | *Montgomery | 1.35 | x | | |
| | Tazewell | 1.35 | | x | |
| | Whiteside | 1.34 | | x | |
| Ind. | Benton | 1.36 | | x | |
| | Decatur | 1.39 | | x | |
| | DeKalb | 1.39 | | x | |
| | *Miami | 1.38 | x | | |
| Iowa | *Pueua Vista | 1.28 | | | x |
| | Floyd | 1.29 | | x | |
| | Madison | 1.31 | | x | |
| | Osceola | 1.28 | | x | |
| | Scott | 1.33 | | x | |
| | Story | 1.30 | | x | |
| | Washington | 1.32 | | x | |
| | W. Pottawattomie | 1.30 | | x | |
| Kansas (39-45 aver.) | Jackson | 1.31 | | x | |
| | Marshall | 1.30 | | x | |
| Md. | *Kent | 1.52 | | | x |
| Mich. | *Hillsdale | 1.39 | x | | x |
| | Monroe | 1.41 | | x | |

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| (1) | (2) | (3) | (4) | (5) | (6) |
|-----------------|------------|------|-----|-------|-------|
| Minn. | Martin | 1.30 | | x | |
| | *Redwood | 1.30 | x | | x |
| | Wabasha | 1.30 | | x | |
| Mo. | *Carroll | 1.33 | x | | x |
| | Marion | 1.35 | | x | |
| | Nodaway | 1.31 | | x | |
| Nebr. | Richardson | 1.31 | | x | |
| | *Saunders | 1.29 | x | | x |
| Ohio | *Champaign | 1.41 | x | | |
| | Preble | 1.39 | | x | |
| | Seneca | 1.42 | | x | |
| Penn. | *Chester | 1.52 | | | x |
| S. Dak. | Clay | 1.28 | | x | |
| 39-45 aver.) | Minnehaha | 1.27 | | x | |
| Wis. | Lafayette | 1.33 | | 1./ x | |
| | *Sauk | 1.35 | x | | 1./ x |

*Counties having insurance in 1947

1./ There will be a basic amount of insurance plus additional amounts for additional costs incurred.


Manager

